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Metro

FINANCE, BUDGET AND AUDIT COMMITTEE
MARCH 20, 2013

SUBJECT: ALTERNATIVE FINANCING OPPORTUNITIES

ACTION: RECEIVE AND FILE

RECOMMENDATION

Receive and file evaluation of alternative financing opportunities.

ISSUE

In January 2013, staff was requested to provide a comprehensive survey of the various alternative financing strategies available to LACMTA. This report identifies specific funding mechanisms and the potential for LACMTA to utilize these strategies to their full benefit for financing various projects that are funded, planned, built, and operated by LACMTA. This report is to provide a comparative view of these funding alternatives that is independent of project specific parameters.

DISCUSSION

Although many financing strategies are available LACMTA, staff has identified the following twelve options that are currently being exercised by LACMTA or warrant consideration for future employment. These include (not in any specific order):

1. Tolling/Congestion Pricing
2. Public Private Partnership
3. Tax Increment Financing
4. Transit Impact Fees
5. Special Assessment Districts
6. Joint Development (Including air-rights)
7. Additional "incentive" Development Revenue
8. Low Carbon Fuel Standards credits
9. Greenhouse Gas Reduction Fund
10. Energy Related Financing
11. Container Fees
12. Distance-based Fares/Alternative Fare Restructuring

This report provides general information about these financing strategies and its relevancy and potential utilization as a revenue source or funding mechanism for LACMTA projects.

Tolling/Congestion Pricing

Congestion pricing is a strategy to reduce traffic congestion, improve the reliability of the highway system performance, and generate new revenue sources which can be used to fund transportation improvements.

Often, revenue to help pay for maintenance and operations or maintain a certain debt coverage ratio is a consideration, but is typically secondary to maximizing system efficiency and reliability.

Three key types of congestion pricing strategies aimed at shifting travel demand away from peak period travel and/or to alterative travel modes include:

- Variably priced managed lanes – Variable tolls on separated lanes within a highway, such as a High Occupancy Toll (HOT) lanes or Express Lanes;
- Variable tolls on entire roadways – Both on toll roads and toll bridges
- Area or Cordon pricing – Either variable or fixed charges to drive within or into a congested area within a city

LACMTA has applied the variably priced managed lanes strategy to the 110 and 10 corridor with the recent conversion of the HOV lanes to Express Lanes. Currently, there is no application of variable tolls on entire roadways in Los Angeles County, however, it is under consideration for application to the High Desert Corridor and the 710 projects. A grant funded study administered by the Southern California Association of Governments will begin this fiscal year to assess the feasibility of area or cordon pricing within Los Angeles County.

Tolling may be a highly significant source of funding providing partial and in some cases a very significant or all of needed project funding. The amounts generated are project specific, depending on such factors as demand, possibilities for user diversion and overall project cost.

Less costly projects such as HOV lane conversions/expansion to HOT lanes may be relatively low cost but provide most or all needed funding. Larger projects require detailed analysis of cost/demand/revenue variables but, in appropriate cases, may provide major project funding. In terms of scale, tolling is likely to be one of, if not the most significant source of additional funding generating extraordinary amounts of funding throughout the life of a given project.

Public Private Partnership

Public Private Partnerships (P3's) are not, per se, a funding mechanism but rather a method of financing and delivering projects. However P3's, to the extent they capture

tolling or other income generating sources provide the vehicle through which funding may be derived. Qualification of a project as a P3, for example, grants tolling authority without the need for special legislation or other permissions and portions of the land acquired as part of the project may also be suitable for development, thus providing significant sources of project financing as discussed above.

Tax Increment Financing

Tax increment financing requires the creation of a defined geographic district – often administered by a special authority - which authority on a national level is usually a redevelopment or economic development agency. Once such a district is created, the assessed property value is pegged at its then current level for a period of years and, as development occurs, the property values in the district increase as do the property tax revenues. The property-tax "increment" (the tax assessed on the now higher valued property less the property tax at the "pegged" level) may be granted to the transportation agency through the special authority.

It is important to note that this revenue will be diverted to transportation uses rather than to the agencies that would normally receive it (city, the county, school districts, etc.) and from the special authority itself. Opposition from such interests may be significant. Creation of such a system would also require a relatively high degree of institutional capacity and cooperation among the municipal and county to administer the system as well as to garner support of other public agencies and the community at large.

Most states, including California, have enacted enabling legislation allowing tax increment financing. However, it is unclear whether use of such funds for transit infrastructure related purposes is allowable and there is wide variation among the states as to permissible uses of tax increment revenue ranging from the highly restricted (defined blighted area revitalization projects) to very liberal (general development, job creation etc,) as witnessed by current efforts in California to implement infrastructure finance districts using tax increment techniques.

Once implemented, however, the revenue can remain relatively stable although, as in the case of most other value capture techniques (impact fees, joint development, air rights etc.), they are dependent on real estate market conditions as the level of new development is the main contributor to such added revenue.

Transit Impact Fees

The imposition of an impact fee requires state and local enabling authority; and currently only a few states allow transit (as opposed to general re-development) impact fees. The legislation requires real estate developers to contribute or fund public facilities, infrastructure, and/or services that would otherwise be paid for by the transportation provider.

The design and implementation of a transportation impact fee system also requires a high level of governmental and/or transportation agency institutional involvement and cooperation as well as careful documentation of the nexus between transportation improvements and land value in order to aid in the defense of any legal challenge. Resistance from stakeholders is largely confined to the development community. It is also important to recognize that these fees must be levied by local municipalities who may have other value capture priorities.

Studies suggest that such fees have, in particular circumstances provided varying percentages of funding - depending on (among other things) the type/cost of the transportation infrastructure improvement and the relative strength of the local real estate market in the area to be assessed. Their stability are dependent on the strength of the local real estate market as well as the supply of infill or green field land available adjacent to the transportation improvement. If strong real estate markets and suitable land is available, there is a higher likelihood of stronger revenue growth and lower volatility.

Special Assessment Districts

Special Assessment Districts are geographically defined areas for which governmental or quasi-governmental agencies are legislatively enabled to collect mandatory fees based on benefits provided by public infrastructure improvements. Therefore, a highly concerted effort on both the state and local level is invariably required for the formation of such a district. In addition, a substantial institutional effort (initial expertise to devise and set-up systems as well as administrative staffing by both the transportation agency and the administering authority) is also required in order to properly devise and operate such districts.

In assessing the viability, utility and revenue potential of such districts, a number of key decisions must be made that will affect the effectiveness of such a system. When dealing with public infrastructure assessment districts, including transportation infrastructure, the evidence suggests that most districts exempt lower-income households (if they assess residential properties at all – the trend recently has been to completely exempt residential and small property parcels), and then base the assessment on the benefit to each property individually.

Individual assessments are based on property value, parcel size, street frontage, and use. Street front footage, or the length of the property along the transit infrastructure, has been the most commonly use measure of benefit, however new methods of assessment are becoming more popular, as the frontage method has increasingly come to be viewed as inequitable. More commonly used new methods are; a) "increased value" which determines the increase in property value pre and post-improvement to arrive at an assessment amount; b) a "zone method", which uses the proximity to the new transit amenity to determine the assessment amount and; c) an "area method", making assessments proportional to the size of the land parcel on which the property is located.

Several states, including California in the case of transit, now require the vote of the majority of property owners or residents for special assessment district formation thus making it more difficult to provide such districts. Additionally, the long planning and development timeline for most transit projects results in the improvements being irrevocably committed to much earlier than the date that a property owner would realize an increase in the value, thus reducing the probability of voter approval. Special assessment revenues are, however, highly stable and may be collected in a single assessment or on an annual basis with interest pegged to the transit agencies cost of borrowing.

On a national level, the formation and implementation of such districts have generated relatively large sums of revenue as a percentage of cost, particularly as the assessed amount relates to lower-cost bus or light rail systems. The Los Angeles Red Line Segment 1 generated a smaller proportion of the higher cost heavy rail project.

Legal requirements greatly impact district formation, which must be supported by the majority of property owners or, in some cases, residents. Assuming property owners vote in favor of the district, the next steps involve a preliminary study outlining the project details and city and/or county government must vote to approve or deny district formation. Each property within the district is then assessed based on one of the methods outlined above and owners are given the option to appeal the fee, and if an appeal is upheld, the fee is reassessed.

Note also that although individual residential property owners receive the benefits of new or enhanced transit, they are now commonly exempted as are smaller parcels and other categories of owner/users (public and charitable etc.) must be considered on an "equity" basis when formulating an overall plan.

Joint Development (Including air-rights)

In the context of transportation funding, joint development involves a partnership between the transportation provider and private developers to build and operate residential and commercial ventures on land owned by the transportation provider.

While property may be sold, LACMTA's model involves "ground leasing" pursuant to a "joint development agreement" that provides a framework to assure that the development is (and remains throughout the lease term), one that promotes transit use while "unlocking" the value of otherwise underutilized real estate at and around transportation stations and parking facilities.

The development – totally financed and operated by the private developer – provides regular periodic payment to the transportation agency. Because LACMTA retains ownership of the underlying land, at the end of the lease term the property as well as any improvements built on it revert to LACMTA's full control and LACMTA is then free to provide for continuing operation, re-leasing or other use of the property.

As with most development both locally and nationally, there is exhibited low to moderate stakeholder opposition to new development, most of it from neighborhood residents who feared increased traffic congestion, air/noise pollution, and changes to the character of the neighborhood.

As the economy continues to improve, it is likely that we will now see (and in fact are already witnessing) a surge in demand and the availability of financing for rental apartments. This is offset by the demise of Redevelopment Agencies who were a significant aid to financing affordable apartment projects. It is likely, therefore, that we will be able to complete a number of new market rate unit mixed-use projects within the next several years. However, the financing and market demand for the "mega-projects" mixed office/retail etc. projects remains highly uncertain and is unlikely to be resurrected in the near term.

In addition, any projections relating to overall joint development income attributable to land surrounding a specific transportation improvement will be highly dependent on the characteristics of the neighborhoods in which the transportation improvements are located as well as the then current real estate market. As above noted, even in otherwise high revenue yielding markets, "mega projects" that include high density high revenue yielding uses (high-rise office, large scale retail etc.) may not be (as is the case in today's environment) economically feasible. Thus a more modest revenue stream garnered by a number of smaller to intermediate mixed use (residential/retail) projects is more likely.

Apart from the more straightforward revenue and cost sharing, joint developments can bring other benefits to transit agencies, including increased transit ridership by increasing station-area density or adding destinations on transit lines. The increased ridership can, in turn, raise the transit agency's fare-box revenue. Transit agencies may also enter into joint agreements to promote economic development and job growth or to create affordable or transit-accessible housing. Furthermore, private developers can share the costs of construction and/or maintenance of stations and other facilities, such as heating and ventilation systems.

Additional "Incentive" Development Revenue

An additional form of incentive development agreement – often in the form of a "density bonus" or infrastructure construction agreement, is also gaining some currency. Developers are granted the right to build residential units or additional square footage over and above that normally allowed by existing zoning or entitlement legislation (thus increasing the developments value) in exchange for contributing to the transit agency's revenue derived from the development of other transit related objectives.

Implementation of such agreements will, in most cases, require special legislation and/or a significant degree of "partnership" with state and/or local governing authorities as transit agencies are not empowered to change local land-use rules and regulations. Increasingly, local jurisdictions are looking to such density bonuses or other land use or

zoning benefits as a mechanism to fund their own priorities including affordable housing, parks, and street and sidewalk infrastructure and other community benefits.

While all of these mechanisms can and have been utilized in a variety of contexts, the implementation of many of these mechanisms is heavily dependent on such factors as: a) the availability of state and/or local enabling legislation; b) stakeholder support (from either or both the development community and/or in California voter approval in the case of fees or assessments); c) the willingness of cities and counties to implement value capture techniques for transit funding and; d) institutional capacity (i.e., financial, administrative and technical capacity of the governmental/transportation entities to undertake joint development or to administer special assessment districts or tax increment programs).

Revenue from sale of Low Carbon Fuel Standard (LCFS) credits

Pursuant to AB32 and Governors Executive Order 2-01-07, the California Air Resources Board (CARB) has developed the LCFS program which requires a 10% reduction in the carbon intensity of transportation fuels by 2020. The regulated parties (i.e., refiners) that sell petroleum-based fuels (i.e., gasoline and diesel) accumulate deficits in the LCFS market. LCFS credits are earned through the introduction of lower carbon fuels, including ethanol, biodiesel, natural gas, electricity, and hydrogen.

LACMTA earns LCFS credits for the CNG that it dispenses to fuel its transit bus fleet. These LCFS credits can be banked and do not lose value. These credits are monetized through transactions with entities that are interested in purchasing credits for LCFS compliance purposes.

Currently, LACMTA has about 155,000 LCFS credits that have been earned through the dispensing of CNG for use in its transit fleet bus. Staff estimates that LACMTA will earn an additional 650,000 credits between now and 2020, assuming no changes in our transit bus fleet or shift in the type of fuel we use.

Additionally, CARB is considering rewarding LCFS credits for electrified rail or "fixed guideways". LACMTA could potentially earn a significant amount of LCFS credits on heavy rail extensions post-2011 and, if considered in the calculations, existing lines (Red and Purple). Credits we could earn on an annual basis could increase by as much as 50% on top of those earned through CNG fueling credits. LACMTA is actively working with CARB and other transit agencies such as BART to advocate for this potential revenue stream to the LCFS credit system.

Moreover, the revenue generated from LCFS credits is not restricted, so LACMTA can use the funds for any projects that it chooses. The potential revenue generated from credits will depend on trading activity in the LCFS credit market. To date, there has been very little activity in the LCFS market, with less than 20 trades reported, at values ranging from $10 to $30 per metric ton (note: 1 metric ton = 1 credit).

It is difficult to determine what the value of LCFS credits will be in the future; however, based on current trading in the market, and without discounting future revenue streams, LACMTA's credits will be worth between $8 to 24 million when sold.

Greenhouse Gas (GHG) Reduction Fund

California's Cap-and-Trade Program, as laid out in AB 32, establishes an annual emissions cap on companies covered by the program. Major sources of GHG emissions covered under the program include the following: refineries, power plants, industrial facilities and transportation fuels (beginning in 2015). Each entity is required to have an emissions allowance for every metric ton of CO_2 emitted. Emission allowances can be allocated to a company by the government, bought at auction, traded amongst covered entities, or created through offset projects. Entities without enough allowances to cover their emissions face a fine. Each year, the overall cap is reduced to bring the economy closer to the target emission level.

California's nonpartisan Legislative Analyst's Office estimated cap-and-trade allowance revenue in the 2012-2013 fiscal year could range from $660 million to upwards of $3 billion, based on CARB's targeted price range for allowances of $10 to $50. Governor Brown's 2012-2013 budget assumes about $1 billion in allowance revenue, and has garnered about $500 million of that total to offset current greenhouse gas mitigation activities. The Cap-and-Trade Program is estimated to generate up to one billion dollars annually during full auction years. The distribution of the revenue is currently part of an on-going rulemaking process.

There are two legislative bills (SB 535 and AB 1532) that together establish a framework for developing an investment plan for projects and programs to be funded with Cap-and-Trade auction proceeds. The bills establish a "Greenhouse Gas Reduction Fund" which specifically identifies the following emission sources/strategies as potential funding areas:

- Low Carbon Transportation and Infrastructure
- Strategic Planning for Sustainable Infrastructure
- Energy Efficiency and Clean Energy
- Natural Resources and Solid Waste Diversion

Projects eligible for the Greenhouse Gas Reduction Fund must further the objectives of AB 32 which include reducing greenhouse gases that contribute to climate change as well as reducing other forms of air pollution; particularly in disadvantaged communities.

The Draft Investment Plan suggests that transit, highway and active transportation projects will be eligible for these funds, and includes, among other project examples, improved/expanded transit to increase connectivity, improved first/last mile transit access, and zero-emission freight and passenger transportation infrastructure. The California Air Resources Board is currently consolidating comments from all stakeholders on how to allocate funding for various projects. LACMTA has submitted its recommendations and comments.

Energy Related Financing

LACMTA is partnering with our utility stakeholders in a variety of ways to advance our core mission and more specifically the environmentally related policies adopted by our agency. One of the greatest resources in this relationship is the variety of "Financing Mechanisms" available to fund projects and earn revenue when the result is in the best interest of both LACMTA and our utility providers.

Most, if not all, of the mechanisms available through LACMTA's utility providers are ratepayer funded programs regulated by the California Public Utility Commission (CPUC). Staff is currently engaged with our utility partners in increasing our participation in these programs. The benefits are limited by our level of commitment to invest in energy efficient and renewable energy projects implementation. The most applicable and beneficial energy related alternative financing mechanisms are summarized below.

A. Energy Efficiency Incentive Programs

Each of LACMTA's utility providers offer a variety of rebate programs designed to over financial incentives for the installation of energy efficient technologies that exceed code standards and renewable energy systems. Rebates are paid to end users in the form of a direct cash payment after proceeding through an application process and proving installation of qualifying equipment. By partnering with our utility providersthrough LACMTA's Energy Blue Ribbon Committee, our agency is committed to participating in all applicable rebate programs where possible. In turn, the utilities have committed to providing support wherever needed to maximize LACMTA's financial benefit through these programs.

Recent examples of LACMTA's recent participation in energy efficiency activities is shown through the ongoing projects being pursued at the Gateway Building (DWP & SoCal Gas) and the construction of Expo Phase II (SCE). Details for these projects are summarized below.

Location	Measure	Estimated Annual Savings*	Anticipated Revenue*
Gateway Building	Retro Commissioning	$63,000	$62,000
	VFD Installation	$3,000	$2,000
	Boiler Replacement	$12,700	$6,000
EXPO Phase II	Comprehensive Whole Building Design	$28, 743	$63,705

*Metrics based on the design submitted in application – will differ if installation changes

B. On Bill Financing (OBF)/Repayment Programs

The CPUC is requiring that utilities offer low to no interest "On Bill Financing" to their customers. On Bill Financing helps to fund qualifying energy efficiency projects by providing loans that are repaid as a line item on monthly bills. Qualifying equipment funded through OBF is then eligible for incentives through the rebate programs described above.

LACMTA is investigating the feasibility of participation in OBF. Staff is interested to use this as a tool to fund energy related projects that do not receive necessary capital funds. However, the repayment of the loan through operational dollars presents some complications that would need to be ironed out and likely require board approval. An update will be provided to the Board on staff's progress.

C. Renewable Energy Programs

Utilities periodically open programs that offer predetermined payments to customers who produce their own power through renewable energy (most commonly Photovoltaics or solar panel installations). These can be in the form of Renewable Energy Incentive or Renewable Energy Power Purchase Agreements.

Renewable Energy Incentive Programs are similar to other rebate programs but this revenue would be realized if and when LACMTA installs its own renewable energy systems.

Sometimes, the power produced is not used on site but instead purchased by the utility to be used on the electric grid at large. This structure allows for innovative ownership models and is also known as a Power Purchase Agreement. LACMTA can use the guaranteed revenue offered by these programs to repay the investment of renewable energy systems or can rent land or roof space to 3rd party providers. .

LACMTA recently submitted an application to Los Angeles Department of Water and Power's Feed in Tariff (Fit) Program for Division 13. The proposed system would be approximately 350 kilowatts (kW) and produce about 500,000 kilowatt-hours (kWh), which would then be purchased from LACMTA by LADWP. This model must then be compared to the full ownership model, which would be eligible for traditional rebate programs described above and the power produced would be used on site to offset the building's typical consumption and subsequent costs.

Grants and Other Opportunities

LACMTA regularly applies for grant opportunities as soon as the notice of funding availability is released. Staff has also recently partnered with entities who have secured grants whose purpose is for installation of value-creating or cost-saving projects along our system. Recent grant awards include those from the Federal Transit Administration (FTA), South Coast Air Quality Management District (SCAQMD), and the California

Energy Commission (CEC)). Examples of these projects and the amount of funding from the total grant allocated to LACMTA include:

- Metro McArthur Park Station Wayside Energy Storage System (FTA: ~$4.5M)
- Metro Orange Line-Red Line Tunnel Connector (FTA: $10M)
- Metro Climate Adaptation Pilot Program (FTA: $175,000)
- Metro Gold Line Wayside Energy Storage System (SCAQMD: $800,000)
- Metro Electric Vehicle Charger Stations (CEC: ~$180,000).

While the amount of grants are small compared to those obtained for major capital projects, these smaller grants provide an avenue to engage in new innovative ideas that lead to an expanded project that reap greater benefits.

Container Fees

Currently, there are three container fees that are being assessed at the Port of Los Angeles (POLA) and Port of Long Beach (POLB): Infrastructure Cargo Fee, (2) PierPass Traffic Mitigation Fee and, (3) Alameda Corridor Fee.

Traditionally, container fees are imposed on freight containers to finance infrastructure and environmental clean-up projects. In addition, it is also used to encourage shippers to utilize night and weekend hours, thereby reducing daytime truck traffic and maximizing the use of our port and transportation infrastructure.

At this time, the collection of a container fee by a transit authority such as LACMTA would present several challenges. First, LACMTA cannot impose and has no means to collect a container fee since the Ports have the sole authority to apply fees through their ability to collect tariffs. Moreover, the most feasible approach for LACMTA to benefit from container fees is if the Ports agreed to allocate a percentage of the collected revenue to LACMTA for transportation uses or if the Ports increased their share of funding for projects LACMTA also intends to fund.

Presently, there is little ground to negotiate an allocation of a portion of the revenue generated by container fees due to the Ports' postponement of instituting any such fee until at least 2014. If in the future an allocation of container fee revenue is agreed upon, the use of such funds will be restricted only to projects that will benefit goods movement, as stipulated by the Ports when the Infrastructure Cargo Fee was approved in 2008.

Distance-based Fares/Alternative Fare Restructuring

A study on Fare Policy and Restructuring is currently underway to analyze the potential for distance-based, time-based, and other fare restructuring options. LACMTA needs to look ahead and embrace a range of options in order to continue providing a financially balanced, intermodal and well integrated transportation system. While our transit system has continued to expand, our fare revenue growth has been minimal. A variety of options, such as distance-based, express, peak and premium rail fares need

to be explored. A fiscally responsible fare policy would incorporate gradual and periodic changes to prevent larger one-time fare adjustments in the future.

LACMTA has the lowest base rail fare ($1.50) in the nation, the lowest fare recovery ratio of 26.3% and the lowest average fare compared to 9 other transit agencies. Not only does LACMTA offer low base fares, we offer a heavily discounted fare structure. Modification of our fare policy and restructuring our fares will help meet the increased operating costs of our expanded transit network.

A. Distance-based Fares

Distance-based fares is pricing based on distance traveled, charging higher fares for rides that cover greater distances. Fares could be on a route-by-route basis or a set of fare zones can be established with incrementally increasing fares as more zones are traversed. This type of pricing is often considered more equitable than flat fare, because riders who use more service should pay for the service. The impact may result in higher revenues that will depend on the level of fares for different routes and/or zones.

B. Time-based Fares

Time-based fares is pricing based on time of use and/or the duration of use, which are commonly referred to as time-based differentials and short-term unlimited fares, respectively. Timed-based differentials relate to some type of peak/off-peak differential. An off-peak discount is sometimes considered more equitable than a flat fare because it better reflects the cost of providing service. LACMTA currently offers peak/off-peak fares for elderly and disabled riders. The nature of the revenue impact depends on the specific pricing strategy deployed (i.e., reducing the off-peak fare will result in a loss of revenues).

Short-term unlimited fares allows passengers to ride a transit system and make free transfers for a set amount of time. This fare structure commonly includes daily, weekly and monthly passes, which LACMTA currently offers. This structure can also include even shorter periods of time, such as free transfers within a one- to two-hour time period. The revenue impact may result in additional revenues depending on the pricing strategy deployed.

Attachment A provides comparative table examining the twelve different financing strategies described above.

NEXT STEPS

Staff will continue to monitor developments of these strategies, and evaluate how to most advantageously apply them. Additionally, staff will inform the board of such developments within the landscape of alternative funding mechanisms, and will return to the board for consideration of utilizing one or a number of these alternatives as we

move forward employing innovating financing strategies to deliver projects and support existing operations.

ATTACHMENT

A. Alternative Financing Mechanism Analysis Matrix

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ATTACHMENT A

Alternative Financing Mechanism Analysis

Financing Mechanism	Authority	Metro's Current Level of Engagement	Potential Revenue Generation		Ease of Implementation*
			General Revenue	Project Financing	
Tolling/Congestion Pricing	Metro Board & State Legislature	In Operation: 110 ExpressLanes (2012); 10 ExpressLanes (2013)	Not eligible	$18-$20 Million per year (specific to corridor)	4
Public Private Partnership (P3)	Requires CTC Approval	Several Projects underway and planned and Several P3 + Congestion Demo projects	Potential revenue above project cost	Range partial to full	Complex
	Tolling via P3 Qualification or special legislation				Complex
Tax Increment Financing	Requires legislation	None	Moderate to high	Moderate	Complex
Joint Development Financing	Existing	High	Moderate to high	Full	Complex
Low Carbon Fuel Standards Credits	California Air Resources Board	Currently Generating Credits; Sunsets in 2020	$8M to $24M when sold	$8M to $24M. No project restrictions	2
California Cap and Trade Program	California Air Resources Board	The distribution of the revenue is currently part of an on-going rulemaking process. Metro has provided comments for the Development of Investment Plan	State estimates between $660M to $3B in revenue from 2012-2013 auctions, and up to $1 billion dollars annually during full auction years until 2020.	State estimates between $660M to $3B in revenue from 2012-2013 auctions, and up to $1 billion dollars annually during full auction years until 2020.	3
Utility Rebates/ Grants/ Renewable Energy Financing Mechanisms	Municipal and Public Utility Owned Companies (CPUC funded)	**Energy Efficiency Incentive Programs** - Actively including rebate applications in projects throughout the agency by including in project development/approval processes to maximize participation - Participation has been historically limited due to admin burden and lack of responsibility	Requires Metro investment in energy efficiency projects. Potential cost-savings is limited by the level of investment. Staff estimates 5%-10% of investment dollars recovery through revenue from qualifying energy efficiency projects		1
		On Bill Financing - Investigating feasibility of participation, will likely require board approval to participate		Up to $250,000/year in 0% interest loans for energy efficiency	3
		Renewable Energy Incentive Programs - Similar to other rebate programs this revenue would be provided if/when Metro installs wholely own renewable energy systems	Based on size of proposed projects - Revenue estimated at $80,000 (SCE) and/or $500,000 (DWP) per year. Available after significant Metro investment		1
		Renewable Energy Power Purchase Agreements - 1MW of PV installed through this mechanism at CMF in 2009. Further, Metro recently submitted an application to LADWP for Feed-in-Tariff Program and will continue to evaluate participation to determine most cost effect approach to meet Renewable Energy goals.	Varies. 3rd party could finance and own renewable energy project, while selling back electricity to Metro	Varies. 3rd party could finance and own renewable energy project, while selling back electricity to Metro	2
Grants	US Department of Transportation; California Energy Commission; South Coast Air Quality Management District	Available and applying after receipt of notice of funding availability		Varies and is dependent of availability of funding	4
Container Fees	Ports of LA and Long Beach	Metro works extensively with the Ports of LA and Long Beach on various planning projects, policy, and funding programs. In addition, Metro funds port projects through the Call for Projects.		$161 million at $15 per TEU in 2012	5
Distance Based Fares/ Alternative Fare Restucturing	Metro Board of Directors	Fare Policy & Restructuring Study is underway	TBD Revenue increase is dependent on fare restructuring (Approximate range is $20-40M)	NONE	3

* Ease of Implementation measured on the following scale:

1—available today
2—easy
3—moderate
4—difficult
5—highly difficult